Sent: Wednesday, September 20, 2017 11:18 AM

To: Rep07

Subject: Buckeye's Greg Lawson: Government Transparency Empowers Ohioans

and Increases Accountability

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THE BUCKEYE INSTITUTE

Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE September 20, 2017

(614) 224-3255 or Lisa@BuckeyeInstitute.org

Buckeye's Greg Lawson: Government Transparency Empowers Ohioans and Increases Accountability

Columbus, OH - The Buckeye Institute's Greg R. Lawson testified (see full testimony below) today before the Ohio House Finance Committee on the DataOhio project and the transparency policies that are included in House Bill 3.

In his remarks, Lawson highlighted The Buckeye Institute's advocacy in support of government transparency saying, "Transparency helps citizens better understand what their government has done, what it is doing, and what remains to be done with their tax dollars. Fiscal transparency helps keep government accountable to the citizenry, fosters a more informed public, and facilitates a better dialogue between the people and their elected representatives."

Noting the challenges of providing fiscal transparency for Ohio's local governments, Lawson stressed the benefits of DataOhio and other transparency tools. "The DataOhio project can further promote transparency by developing a standard chart of accounts so that citizens and policymakers can make apples-to-apples comparisons of spending across diverse local governments. This would help constituents and even lawmakers make better sense of how our local governments operate."

Lawson concluded saying, "DataOhio and similar efforts can all work together as complementary tools for the common, important purpose of empowering Ohio's taxpayers to raise accountability at all levels of Ohio government."

###

Interested Party Testimony Submitted to the Ohio House Finance Committee on House Bill 3

Greg R. Lawson, Research Fellow The Buckeye Institute for Public Policy Solutions September 20, 2017

Thank you Chairman Smith, Vice Chair Ryan and Ranking Member Cera for the opportunity to testify before the Ohio House Finance Committee. My name is Greg R. Lawson. I am the research fellow at **The Buckeye Institute for Public Policy Solutions**.

I am here with a few brief remarks regarding House Bill 3, the DataOhio project. I have previously testified about DataOhio and the need for government transparency. I appreciate the chance to revisit the issue today.

The Buckeye Institute has long championed a more transparent government that makes it easier for taxpayers to see and understand how Columbus spends their hard-earned money. Such transparency helps citizens better understand what their government has done, what it is doing, and what remains to be done with their tax dollars. Fiscal transparency helps keep government accountable to the citizenry, fosters a more informed public, and facilitates a better dialogue between the people and their elected representatives.

Recognizing the need for and challenges of providing more fiscal transparency, The Buckeye Institute developed its own searchable database for tracking state spending on salaries for state employees, K-12 teachers, four-year higher education, and select local government employees. Of course, imitation is the sincerest form of flattery, and The

Buckeye Institute's database proved so popular and useful that the Ohio Treasurer of State and the Office of Budget and Management now offer even more robust services.

Despite its popularity and usefulness, The Buckeye Institute's database, as well as existing state services, are not comprehensive toolkits. For example, it does not publish information on vendor payments made by localities, and the local component that lists local government salaries remains quite limited. While the State Treasurer's office, has expanded the state's **Ohio Checkbook** database so that it now also includes many Ohio local governments, more transparency is better than less.

As time goes on, this will prove increasingly important for Ohioans seeking to understand the operations of local governments, especially in an era of potentially reduced resources.

Ohio boasts thousands of local governmental bodies and a labyrinth of taxing authorities. As The Buckeye Institute outlined several years ago.

As of October 2007, Ohio ranked seventh among states regarding the number of local governmental entities and taxing authorities according to the U.S. Census Bureau, with a staggering 3,702 entities. On average, there are more than 41 taxing authorities per county, which is 46 percent more than the national average of 28.

Ohio had the sixth highest number of municipalities (938) and townships (1,308). There are 614 school districts as well as a myriad of law enforcement and safety entities along with special district governments. Cuyahoga County alone has 104 local government entities.[1]

Without fiscal transparency for Ohio's local governments, taxpayers remain largely in the dark without ready access to vital information needed for holding their elected officials accountable.

The DataOhio project can further promote transparency by developing a standard chart of accounts so that citizens and policymakers can make apples-to-apples comparisons of spending across these diverse local governments. This would help constituents and even lawmakers make better sense of how our local governments operate-again, an increasingly important issue as the General Assembly debates the adequacy of local government resources.

DataOhio and similar efforts can all work together as complementary tools for the common, important purpose of empowering Ohio's taxpayers to raise accountability at all levels of Ohio government.

Thank you for your time. I look forward to answering any questions from the committee at this time.

[1] Lawson, Greg R., Joining Forces: Consolidation Will Help Ohio's Local Governments if Compensation Package Costs are Properly Managed, The Buckeye Institute, October 3, 2011.

###

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Monday, September 25, 2017 8:36 AM

To: Rep07

Subject: Time to Fight the Rising Tide of Occupational Licensing, By Greg R.

Lawson

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THE BUCKEYE INSTITUTE

Time to Fight the Rising Tide of Occupational Licensing

By Greg R. Lawson September 25, 2017

Recently, there has been a flood of potentially harmful legislation that risks undercutting Ohio's prosperity. Bad bills that expand burdensome occupational licensing requirements to an ever-larger number of Ohioans remains a serious impediment to creating an economically prosperous state where people are able to pursue job opportunities and career advancement without needing to seek costly, time-consuming permission from government.

Legislation that requires more and more professions to be licensed has been coming fast and furious including those licensing: residential only building contractors, commercial roofing contractors, home inspectors, elevator and escalators installers.

Each of these pieces of legislation are being promoted by advocates as being necessary for public safety or to protect consumers. Unfortunately, what these bills do is restrict opportunity for Ohioans seeking jobs.

As The Buckeye Institute as found in our Forbidden to Succeed report:

"High fees and training requirements reduce an occupation's job growth by 20 percent, as prospective workers who cannot afford to enter the occupation remain unemployed or underemployed."

Of Ohio's 31 moderate-income occupations requiring licensure, 15 require hundreds or even thousands of hours of training. Remarkably, nearly every Ohio license that requires training can be earned in less time in another state. For example, while there is pending legislation to reduce this absurd number, cosmetologists currently need 1,500 hours of education to get a license. That is **10 times** the amount of education needed to become a basic emergency medical technician that literally saves lives! That is also 500 more hours than what is needed in the seat of high fashion in America- New York!

Ohio certainly needs to require appropriate training and licensing for jobs with health and safety concerns, such as physicians and pilots, and no one disputes this. However, such concern fades dramatically when applied, for example, to auctioneers (that have to meet apprenticeship requirements), travel guides (Lake Erie Fishing guides need to pony up \$50 to be licensed), and hairdressers, all of which require licenses today in Ohio.

This burden is even more daunting for the employment prospects that are faced by many in Ohio's minority communities. Nationally, the unemployment rate among African Americans remains much higher than among other demographics. According to the **Bureau of Labor Statistics**, the most recent unemployment rate was 7.7 percent for African Americans-nearly double the 3.9 percent unemployment rate for whites. Similarly, unemployment confronts a staggering 23.4 percent of young African Americans between 16 and 19, and 11.8 percent of young whites.

Adding more licenses onto Ohioans is not going to reverse these discouraging trends.

Given these fact, it isn't surprising that there is growing non-partisan acknowledgement that licensing laws have gone too far. From The Buckeye Institute and the Heritage Foundation to the Brookings Institute to both the Obama White House and the Trump Administration, there is a growing consensus that these burdensome licensing requirements are bad for everyone.

So what can be done?

We need to continue raising awareness of the issue to members of the Ohio General Assembly. The Buckeye Institute is working with a number of policymakers in order to educate them on the need for meaningful reforms. This includes **policy** that will require the state to impose the least restrictive type of occupational licensing regulation to ensure consumer protection, while also establish a sunrise and sunset review processes for existing of licensing boards and new licensing legislation. Over time, the use of these reviews will help clean up antiquated licensing requirements while preventing new ones from cluttering Ohio's laws.

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We also need to continue removing burdensome requirements for specific professions. The Buckeye Institute is already working with individual salon owners and a bipartisan group of legislators, including republicans Representative Kristina Roegner (R-Hudson) and Senator Kris Jordan (R-Ostrander), and democrats Representative Alicia Reece (D-Cincinnati) and Senator Charleta Tavares (D-Columbus) to improve cosmetology policy. The goal is to build upon the successes in the previous General Assembly and to move towards further reducing burdens on cosmetologists.

Finally, we need to look at how we remove employment barriers for spouses of military personnel stationed in Ohio. Buckeye is leading the way by developing good **policy** that would recognize out-of-state licenses for military spouses.

It is inevitable that in every General Assembly there will be a series of licensing bills that risk ensnaring many Ohioans in a bureaucratic, and often expensive maze, that delays their ability to make a living and move up the ladder of success. However, working to strengthen the growing bipartisan consensus we can eliminate these burdensome regulations and ensure Ohioans can pursue job opportunities and career advancement.

Greg R. Lawson is the research fellow at The Buckeye Institute.

###

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Wednesday, September 27, 2017 9:35 AM

To: Rep07

Subject: Batter Up: Buckeye's ad to debut during Reds and Indians games

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Batter Up: Buckeye's ad to debut during Reds and Indians games

While the country debates NFL players' controversial protests of our National Anthem, The Buckeye Institute is cheering on Major League Baseball's two Ohio teams this week. We hope you are too.

The regular season is drawing to a close, and your Buckeye Institute has stepped up to the plate to hit a timely homerun.

Our new campaign has already earned media attention across the country in more than 31 radio markets with much more to come! We are also posting an editorial on **FoxNews.com**, which we will send as soon as it goes up.

Ladies and Gentlemen, it's time to play ball: Worker Voting Rights: Giving a Voice and Choice to Union Members is airing during several upcoming Cleveland Indians and Cincinnati Reds games.

Mark your calendar and tune in to catch our ad live!

Game:	Date:	To Air During:	Station:
Cleveland Indians v. Minnesota Twins	Wednesday, September 27	Innings 2-3	FSN
Cleveland Indians v. Chicago White Sox	Friday, September 29	Innings 1-6	STOh & CSCh
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Cincinnati Reds v. Milwaukee Brewers	Wednesday, September 27	Innings 5-6	FSW1 & FSOH
Cincinnati Reds v. Chicago Cubs	Sunday, October 1	Innings 6-9	FSOH

Visit www.WorkerVotingRights.org to learn more about this important issue.

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Wednesday, September 27, 2017 12:11 PM

To: Rep07

Subject: Buckeye's Daniel Dew: Reagan Tokes Act a Positive Step for Criminal

Justice Reform

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THE BUCKEYE INSTITUTE

Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE September 27, 2017

(614) 224-3255 or Lisa@BuckeyeInstitute.org

Buckeye's Daniel Dew: Reagan Tokes Act a Positive Step for Criminal Justice Reform

Columbus, OH - The Buckeye Institute's Daniel J. Dew made the following comments regarding the Reagan Tokes Act, which was unveiled today by State Representatives Jim Hughes (R-Upper Arlington) and Kristin Boggs (D-Columbus), and State Senators Kevin Bacon (R-Minerva Park) and Sean O'Brien (D-Bazetta). The act would move away from determinate sentencing and move toward indeterminate sentencing for certain offenses.

"Incentives matter, and the Regan Tokes Act takes a step in the right direction in keeping dangerous criminals in prison longer and incentivizing inmates to get the rehabilitation and training necessary to become contributing members of society upon release," said Daniel J. Dew, legal fellow at The Buckeye Institute's **Legal Center** and an expert in criminal justice reform. "Ninety-seven percent of all offenders sent to prison will re-enter our communities

someday, and indeterminate sentencing incentivizes rehabilitation which will help keep our communities safer."

###

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Wednesday, September 27, 2017 4:00 PM

To: Rep07

Subject: Don't Believe in Free Money, the Lesson of the MCO Sales Tax, By Greg

R. Lawson

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THE BUCKEYE INSTITUTE

Don't Believe in Free Money, the Lesson of the MCO Sales Tax

By Greg R. Lawson September 27, 2017

When something sounds **too good to be true**, it usually is. That is especially so when images of free dollars are floating in front of politicians' eyes! Hopefully, this is a lesson that will be learned by most Ohio elected officials after the affair concerning the Medicaid managed care organization (MCO) sales tax fiasco.

Before Medicaid was ever expanded in Ohio, The Buckeye Institute warned proponents multiple times (see **here** and **here**) that one of the big selling points -- the windfall revenues to be expected from the MCO sales tax -- were illusions. They would be, at best, temporary because the federal government was practically guaranteed to eliminate the ability to levy that tax.

At the time, few seemed to take notice. Then, when it happened, **exactly as predicted**, there were howls of concern. The state managed to make itself whole through a deal made with the outgoing Obama Administration. However, Ohio's counties, that were

gaining more than \$200 million from their local piggy-back sales tax, were not made whole. Throughout the entire budget process, there were efforts to raise state taxes in order to make up for this local windfall that should have always been considered temporary.

The Buckeye Institute **opposed this policy** and made clear that if new revenues are truly needed, then counties should justify the need for more taxes to their own constituents and not expect Columbus to ride to the rescue on a white horse.

According to pieces in *The Columbus Dispatch* and *The Plain Dealer*, it now appears that there will be no taxes raised at the state level to pay for local services and projects, which is as it should be. While the details of the proposal indicate up to \$80 million more might get distributed to counties from existing state resources, this will undoubtedly not be one-time deal and will continue the cycle of local governments turning to the state to pay for local services.

Next time there looks to be so-called "free" dollars, policymakers should take a much longer, harder look and remember these are all taxpayer dollars, and that it is almost certainly "too good to be true."

Greg R. Lawson is the research fellow at The Buckeye Institute.

###

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Tuesday, October 3, 2017 4:46 PM

To: Rep07

Subject: The Buckeye Institute: Utility Subsidies Hurt Competition and Hurt Ohio

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Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE October 3, 2017

(614) 224-3255 or Lisa@BuckeyeInstitute.org

The Buckeye Institute: Utility Subsidies Hurt Competition and Hurt Ohio

Columbus, OH - The Buckeye Institute's Greg R. Lawson testified (see full testimony below) today before the Ohio House Public Utilities Committee on the proposed bailout for the Ohio Valley Electric Corporation that is outlined in House Bill 239.

In his testimony, Lawson discussed the negative impacts government subsidies and bailouts can have. "When governments intervene in the energy market, or any business, policymakers allow for unfair advantages at taxpayer expense, and energy companies that do not receive the benefits of a government bailout are often unable to offer their services competitively."

Lawson went on, "Providing subsidies also negatively impacts the state's employment and economy. Similar to Ohio's renewables portfolio standards, which The Buckeye Institute analyzed earlier this year, this Ohio Valley Electric Corporation (OVEC) bailout will lead to lost job opportunities and wasted economic potential."

The Buckeye Institute isn't the only group to note the negative impact the proposed subsidies would have. The **Legislative Service Commission estimated** that the OVEC charge, if approved, would cost all Ohio electricity customers nearly \$257 million per year for the next 24 years.

On closing, Lawson urged policymakers to fully restructure Ohio's energy market saying, "For far too long, we have been caught in a strange hybrid where regulated investor-owned utilities retain generation capacity through affiliates, and utilities are able to use electric security plans to pile additional generation charges, like the proposed OVEC charge, on top of the market price. This has led to significant long-term problems where the market has not been allowed to be fully functional. Consequently, the promises of restructuring have only been partially fulfilled."

###

Interested Party Testimony Submitted to the Ohio House Public Utilities Committee on House Bill 239

Greg R. Lawson, Research Fellow
The Buckeye Institute for Public Policy Solutions
October 3, 2017

Thank you Chairman Cupp, Vice Chair Carfagna and Ranking Member Ashford for the opportunity to testify before the Ohio House Public Utilities Committee. My name is Greg R. Lawson. I am the research fellow at **The Buckeye Institute for Public Policy Solutions**.

The Buckeye Institute, a defender of free-market principles, has long supported economic growth through competitive means. Our position is that markets should be free from government subsidies or regulations that help particular businesses or industries.

Since the late 1990s, Ohio has moved toward competitive, customer-centric electricity markets. As electricity rates have risen across the country, Ohio and other states with restructured wholesale markets have enjoyed cheaper electricity due to a more competitive market. The deregulation of Ohio's market has increased competition and given consumers more choices and control over meeting their energy needs.

Unfortunately, it is not unusual for industries and businesses to ask governments for subsidies or bailouts, to pay for declining business. Bailouts, however, end up distorting economic activity and often slow long-term growth in the state. Worse still, "non-bypassable" riders require all customers to pay for the bailout through increased electricity bills.

When governments intervene in the energy market, or any business, policymakers allow for unfair advantages at taxpayer expense, and energy companies that do not receive the benefits of a government bailout are often unable to offer their services competitively. Subsidies can also inhibit new developments and technological advancements from entrepreneurial companies that do not receive special government backing, thus slowing long-term growth and innovation.

Providing subsidies also negatively impacts the state's employment and economy. Similar to Ohio's renewables portfolio standards, which The Buckeye Institute analyzed earlier this year, this Ohio Valley Electric Corporation (OVEC) bailout will lead to lost job opportunities and wasted economic potential. In looking at Ohio's renewables portfolio standards we found that even relatively small artificial increases in electricity prices cost Ohio tens of thousands of jobs and several billion dollars in GDP.[1]

In fact, the Legislative Service Commission's conservative estimate is that the OVEC charge, if approved as proposed, would cost all Ohio electricity customers nearly \$257 million per year for the next 24 years.[2]

Of equal concern, is the contagious nature of subsidies and bailouts. Joe Bowring, president of Monitoring Analytics, said in a recent interview, "If one owner receives special subsidies, it is the fiduciary duty of other unit owners to seek comparable subsidies."[3] Eventually, either everyone will receive a government subsidy or government will step back and allow customers and the market to decide who succeeds.

Subsidies also reward companies for poor choices and bailout companies that could have avoided their current crisis. While the companies involved in OVEC were involved in

something of a shotgun marriage during the Cold War, those unique national security issues have long since disappeared. Well after the Ohio energy market was restructured to be competitive, OVEC companies twice voluntarily extended the contract that now goes until June 2040. Allowing for ongoing subsidies is an example of moral hazard that effectively rewards questionable decisions and signals to other companies that they too can be made whole irrespective of the wisdom of their decisions.

Ultimately, Ohio needs a full restructuring in its energy markets. For far too long, we have been caught in a strange hybrid where regulated investor-owned utilities retain generation capacity through affiliates, and utilities are able to use electric security plans to pile additional generation charges, like the proposed OVEC charge, on top of the market price. This has led to significant long-term problems where the market has not been allowed to be fully functional. Consequently, the promises of restructuring have only been partially fulfilled.

Rather than continuing to move the market toward complete restructuring, the OVEC bailout runs the risk of preventing that policy from moving forward. This would be a missed opportunity to improve competition, lower energy prices for consumers, and strengthen Ohio's economy

Thank you for your time. I look forward to answering any questions from the committee at this time.

###

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^[1] Orphe Divounguy, PhD, Rea S. Hederman Jr., Joe Nichols, and Lukas Spitzwieser, *The Impact of Renewables Portfolio Standards on the Ohio Economy*, March 3, 2017.

^[2] Fiscal Note and Local Impact Statement on House Bill 239 of the 132 General Assembly. [3] R Street Shorts No. 40, "The Market Advantage: A Q&A with Joe Bowring," June 2017.



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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Wednesday, October 4, 2017 8:30 AM

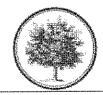
To: Rep07

Subject: Keeping the Power On, Rain or Shine, By Quinn Beeson

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Keeping the Power On, Rain or Shine

By Quinn Beeson October 4, 2017

In the wake of several devastating natural disasters has come a greater appreciation for our ability to plug in wherever and whenever. As our focus is on those in need and without power in the wake of the recent hurricanes, as well as their families and countless volunteers, we can't help but also think of our own families and communities here in Ohio. Although not faced with any major natural disasters recently, many Ohioans still worry about keeping the power on, as we face uncertain **price hikes** due to subsidies meant to 'save' several failing coal and **nuclear power plants**.

To ensure low electricity prices, Ohio must create a competitive power market by restructuring the state's utility industry. This can happen if Ohio does two things. First, the major, regulated utilities need to sell their power plants to independent companies so that they don't control the production and distribution of electricity. Second, Ohio needs

to eliminate government subsidies to energy companies and rely on market-based pricing.

A wholly **competitive energy market** does not work when regulated utilities receive government handouts. Healthy competition keeps prices low and encourages innovation, meaning wider services and more choices for Ohioans. In addition, a functioning competitive market makes sure that companies suffer the consequences of their poor decisions, rather than making hardworking Ohioans foot the bill.

Bailing out energy companies that make bad business decisions by making us, the taxpayer, cover their costs would be no different than the government making you eat at a restaurant that had terrible service and was going out of business just to keep it open.

Subsidies are essentially bailouts for failing power plants, paid for by Ohioans rather than the companies themselves. Subsidies for various coal and nuclear power plants will lead to a rise in your utility bills and will increase the burden on struggling families and businesses in Ohio.

The good news is, Ohio doesn't need these subsidies to succeed, just the opposite in fact. Our state is seeing new power plants being built that will generate power from natural gas, solar, and wind energy. The outlook for energy production in Ohio is increasingly sunny and politicians need to refrain from tampering with the market and endangering these new technologies.

When state or federal politicians intervene in the energy market by making tweaks such as requiring subsidies or burdensome regulation, they introduce more uncertainty and risk, which upsets the balance of the energy market, often shifting the costs into the laps of people like you.

There is large demand for power in today's world, and the widespread power outages due to recent natural disasters remind us of that. The best way to provide enough stable, cheap electricity to meet the high demand in Ohio and elsewhere is to keep politics out of the market.

As my colleague **Greg Lawson pointed out in testimony** opposing subsidies and bailouts for utility companies, "As electricity rates have risen across the country, Ohio and other states with restructured wholesale markets have enjoyed cheaper electricity due to a more competitive market. The deregulation of Ohio's market has increased

competition and given consumers more choices and control over meeting their energy needs."

If Ohio is going to continue to grow economically it needs to have cheap and reliable energy for its businesses and its citizens. To achieve this, policymakers need to deregulate the state's energy markets, require regulated utilities to sell power plants so they don't control the production and distribution of electricity, and they need to eliminate government subsidies and bailouts to energy companies which force Ohioans to pay for bad business decisions.

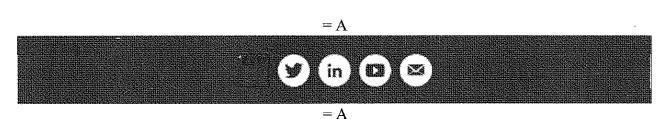
It is time for Ohio's energy companies to compete fairly so we can keep the power on, rain or shine.

Quinn Beeson is the economic research analyst at The Buckeye Institute.

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

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Sent: Tuesday, October 10, 2017 11:02 AM

To: Rep07

Subject: New Buckeye Analysis of Ohio's Tax & Spending Policies Offers Guidance

to 2020 Commission

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Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE October 10, 2017

(614) 224-3255 or Lisa@BuckeyeInstitute.org

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New Buckeye Analysis of Ohio's Tax & Spending Policies Offers Guidance to 2020 Commission

Columbus, OH - Today, The Buckeye Institute released its latest policy brief, *Building a Better Future: An Analysis of Ohio's Tax and Spending Policies*, which looks at the tax and spending policies Governor John Kasich and the Ohio General Assembly have adopted since 2013 and their impact on Ohio's economic growth.

Using the macroeconomic dynamic scoring model, developed by economists at Buckeye's **Economic Research Center**, the analysis found that Ohio's tax and spending policies have helped:

- Make Ohio families wealthier;
- Created nearly 7,000 more jobs;
- Raised personal income by \$500 million; and
- Saw Ohio's employment rates and economy outperform most of its regional competitors.

"Contrary to the arguments levied by opponents of tax reform, this analysis shows that the tax reforms implemented by Governor Kasich and the General Assembly have led to economic growth in Ohio," said Rea S. Hederman Jr., executive vice president at The Buckeye Institute and the head of Buckeye's Economic Research Center. "As they continue to study Ohio's tax policies, this analysis can serve as a guide to the 2020 Tax Commission, showing that instead of the failed policy of attempting to tax and spend Ohio to prosperity, further tax reform would keep the state on the path to greater economic growth."

Buckeye's analysis comes on the heels a long-awaited report from the Ohio 2020 Tax Commission. The commission was expected to offer guidance on where Ohio tax policy should go next. Unfortunately, the conclusions were limited and essentially called for additional study of Ohio's voluminous list of tax expenditures that result in a loss of more than \$9 billion in state revenues each fiscal year.

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Hederman continued, "As Buckeye's analysis makes clear, greater spending restraint and further tax reductions is the smart path for Ohio policymakers to take as they continue to reform the state's tax and spending policies."

Building a Better Future: An Analysis of Ohio's Tax and Spending Policies was authored by Dr. Orphe Pierre Divounguy, former economist with The Buckeye Institute's Economic Research Center, and Bryce Hill, a former economic research assistant with the Economic Research Center.

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

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Sent: Wednesday, October 11, 2017 7:31 AM

To: Rep07

Subject: Ohio's Budget Should Not be Left to Burn While Washington Fiddles with

Healthcare Reform, By Greg R. Lawson

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Ohio's Budget Should Not be Left to Burn While Washington Fiddles with Healthcare Reform

By Greg R. Lawson October 11, 2017

Ohio policymakers should not join those in Washington DC in acting like a modern day **Nero** who, at least according to myth, fiddled while Rome burned.

The expansion of Medicaid, to largely able-bodied adults, has clearly cost vastly more than what state leaders initially envisioned. As Medicaid spending, the **Pac-Man of the state budget**, continues consuming state resources, U.S. Senator Ron Johnson (R- WI) is **demanding answers** from the Kasich Administration on why the costs of Medicaid have blown up!

While finding a way to insure more Ohioans is an important policy discussion, the increase in Medicaid spending is impacting Ohio's ability to fund other priorities such as K-12 education, caring for Ohio's aging population, the construction of roads and infrastructure, an effective rehabilitation and correction system, and so much more.

This is one reason why Congress' failure to repeal and replace Obamacare is such a disappointment. Congress' lack of action is impeding Ohio's ability to reform its own Medicaid system, and if not reformed dramatically, will eventually not only be like Pac-Man, it will be like the fire that consumed all of Rome, leaving nothing for those worried about our future economic competitiveness or, most importantly, our children.

However, while members of Congress fiddle away on health care reform, Ohio policymakers can do something to avoid this financial train wreck -- freeze the expansion!

As our executive vice president, Rea Hederman, said of the budget prior to Governor Kasich's unfortunate line item veto:

"Ohio became the first state in the nation to call for a freeze on the Medicaid expansion population, which will focus the program on the truly needy and encourage able-bodied adults to return to work. Medicaid enrollment has exceeded forecasts on both enrollment and costs, and this budget will help make the-program sustainable for the future."

Unfortunately, the General Assembly has so far failed to act on Governor Kasich's veto of the expansion freeze, which they can vote to override any time until the end of the legislative session in December of 2018.

According to recent news reports, State Representative **Rob McColley** (R-Napoleon) circulated a memorandum to fellow members of the Ohio House of Representatives highlighting numerous reasons for freezing the Medicaid expansion. Contrary to headlines that say the facts in the memorandum were: "dubious," it is spot on.

Pushback from the Kasich Administration, and many of the healthcare providers, that stand to continue gaining billions from continuation of this policy, is deeply flawed. For example, the administration tries to refute the argument that spending on Medicaid is not out of control by asserting that Medicaid has come in under budget.

What the administration doesn't tell us is that Medicaid costs are clearly much higher than initially projected because the administration only expected 447,000 enrollees by

2020! By contrast, the latest actual enrollment numbers from the Ohio Department of Medicaid stands at 708,000, or 58 percent over what Ohioans were told during the initial debate over expansion.

Further, the McColley memo makes clear that the enhanced federal share for the Medicaid expansion was subject to change. That is still true, just as The Buckeye Institute said long before the expansion took place. While it is still difficult to ascertain when the federal government will turn off the spigot, that it will happen is practically guaranteed. Further, the notion that Ohio will, under those circumstances, simply jump out of Medicaid expansion as described by the governor seems fanciful.

Consequently, none of the pushback from the administration should dissuade forward thinking legislators from stepping up the plate - something they already did when passing the budget at the end of June. While Medicaid waivers and other reforms are needed in addition to an expansion freeze, it is better to make a tough decision today than draconian one tomorrow.

We cannot afford to be like Nero and fiddle while Medicaid burns through Ohio's budget and destroys the ability to do anything besides pay for Medicaid. This is not a long-term path on which Ohio should remain. Tragically, it is the path on which we presently, and perilously, tread.

Greg R. Lawson is the research fellow at The Buckeye Institute.

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Thursday, October 12, 2017 7:45 AM

To: Rep07

Subject: Competition Will Save Taxpayer Dollars as Ohio Replacing Aging Water

& Sewer Lines

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Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE October 12, 2017

(614) 224-3255 or Lisa@BuckeyeInstitute.org

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Competition Will Save Taxpayer Dollars as Ohio Replacing Aging Water & Sewer Lines

Columbus, OH - Today, The Buckeye Institute released its latest policy brief, Competition Saves Taxpayer Money on Water and Sewer Line Repair, looking at the importance of open bidding for water and sewer lines.

"Competition is the bedrock of free markets and forces companies to make better products and offer them for lower prices," said **Daniel J. Dew**, the paper's author and legal fellow at The Buckeye Institute. "When localities, or any government entity, spend taxpayer dollars they should be required to use those dollars prudently and ensure they get the best product

at the best price. In many communities, this is not happening and localities are spending more than is necessary on water and sewer infrastructure. To ensure this doesn't continue and to protect taxpayers from waste, fraud, and abuse, localities should implement an open bid process and consider all water and sewer materials that are deemed safe."

Ohio has aging water and sewer systems that are constantly in need of repair and many need to be replaced. Unfortunately, some localities are limiting competition by requiring the pipes be made of a more expensive material, when it would be in taxpayer's interest to consider all materials that are deemed safe. When governments impose regulations and ordinances that give any business or industry a competitive advantage, they negate the market incentives for industries to lower costs and provide better products.

A recent study found that Columbus, Ohio, which does not have an open bid process and mandates that only ductile iron be used for water and sewer replacement, paid nearly \$100,000 more per mile of pipe than nearby Delaware County which does have an open bidding process.

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Sent: Tuesday, October 17, 2017 8:31 AM

To: Rep07.

Subject: The Buckeye Institute: Reforming Ohio Tax System is Needed to Attract

Businesses and Grow the Economy

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Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE October 17, 2017

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The Buckeye Institute: Reforming Ohio Tax System is Needed to Attract Businesses and Grow the Economy

Columbus, OH -- Rea S. Hederman Jr., executive vice president at The Buckeye Institute, commented on the Tax Foundation's newly released 2018 State Business Tax Climate Index.

"Today, the **Tax Foundation** released the 2018 State Business Tax Climate Index, which ranks all 50 states by how well they structure their tax system. Unsurprisingly, Ohio ranks near the bottom of the barrel at 45 out of 50 -- the same ranking we have had for the past

two years. As Ohio stands still, other states are moving forward on tax reform which is a contributing factor to our **uneven labor market**.

"There are two main strategies that Ohio should employ to attract business and shake off the low ranking. First, Ohio needs to get rid of business tax expenditures. These hurt businesses and job growth, and discourage investment. Second, Ohio should focus on broadening the tax base and lowering tax rates. Implementing these two strategies, and others we have outlined in our *Tax Reform Principles for Ohio*, will improve our tax climate and will make Ohio an economic engine in the Midwest."

###

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Sent: Tuesday, October 17, 2017 2:54 PM

To: Rep07

Subject: The Buckeye Institute: Time for the Ohio General Assembly to Get Serious

about Closing Tax Loopholes

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The Buckeye Institute: Time for the Ohio General Assembly to Get Serious about Closing Tax Loopholes

Columbus, OH - The Buckeye Institute issued the following statement on the inaugural meeting of Ohio's Tax Expenditure Review Committee.

"Today's meeting of Ohio's Tax Expenditure Review Committee is an important step in closing down the voluminous list of tax loopholes that riddle Ohio's tax code," said **Greg R. Lawson**, a research fellow at The Buckeye Institute. "As we outlined in our *Tax Reform Principles for Ohio*, every loophole creates an unfair special interest tax break that must be

Sent: Friday, October 20, 2017 10:21 AM

To: Rep07

Subject: Buckeye's Rea Hederman: Ohio Labor Market Bounces Back from Summer

Doldrums

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FOR IMMEDIATE RELEASE October 20, 2017

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Buckeye's Rea Hederman: Ohio Labor Market Bounces Back from Summer Doldrums

Columbus, OH -- Rea S. Hederman Jr., executive vice president at The Buckeye Institute, commented on newly released unemployment data from the Ohio Department of Job and Family Services.

"In September, the Ohio labor market bounced back from the summer doldrums, with the unemployment rate falling a tenth to 5.3 percent from 5.4, and the private sector created 10,500 new job opportunities. After a somber August labor report, the solid numbers from September are a welcome improvement with all indicators in positive territory, particularly

as revised August numbers increased total employment by 1,000. In addition, the labor force participation rate remained constant, which means that new people entering the labor market and those previously unemployed found jobs.

"However, the slow, steady Ohio growth is not keeping pace with the national numbers, as the gap between Ohio's unemployment and the national average (4.2 percent) has increased in the past year.

"Private sector job growth was led by strong gains in educational services (3,800), retail trade (3,300), and manufacturing (2,600). The sharpest decline was in financial activities (-2,400). The government sector neither added nor lost jobs as gains in state government (6,900) and federal government (300) were offset by losses in the local government sector (-7,200).

"Since September of 2016, Ohio's unemployment rate has increased slightly as more Ohioans entered the labor market, and, while the economy has experienced steady growth with 64,700 private sector jobs created in the last twelve months, job creation has not kept pace with these new workers. To reverse this trend, Ohio policymakers must continue on their course of wisely resisting tax increases to make up for a budget shortfall, and they must consider tax reform that eliminates special interest deductions and loopholes to lower tax rates."

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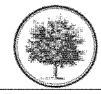
To: Rep07

Subject: What's hot right now? Issue 2 on Ohio's ballot, that's what

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Everywhere we go-oh, people want to know-oh....

So we tell them.... we at your Buckeye Institute are your #1 best resource for sound policy research, but unfortunately we do not advocate for or against individual candidates or ballot issues--no matter how many of them we suspect will have good or bad impact if they prevail (we follow politics, yes we do, we are not entirely nerdy wonks, how 'bout you?).

While we definitely evaluate the policies contained in the ballot issues, it is up to you to take our research and study the issues before determining which way to vote.

Oh, sure, we have opinions (adamant well-informed ones, too!), but our job is to serve as your first resource for objective independent policy research.

As a consolation prize, hot off the press is our just-released blog that Buckeye's national healthcare expert Rea S. Hederman Jr. posted today describing the policy implications involved with Issue 2 that Ohioans are considering on their ballots Tuesday, Nov. 7.

To help clear your conscience and make an informed decision, give the blog a close read, mark your calendars for November 7, and make your way to the polls next Tuesday to vote whichever way you think is right.

May the best candidates and policies win!

Getting Less for More: Ohio's Proposed Drug Price Control Policy (a.k.a. "Issue 2")

By Rea S. Hederman Jr. October 30, 2017

Next Tuesday, Ohioans will decide whether to enact a policy that would create price controls for pharmaceuticals that are paid for by the state of Ohio. Advocates claim that these price controls can save the state of Ohio money. Opponents argue that these savings are dubious and price controls will create a host of other problems.

Price controls, whether for drugs, housing, gasoline or blueberries are bad policies. They distort the marketplace and create shortages. If price controls worked, socialist governments throughout history would not have seen their economies disintegrate and the supply of goods disappear.

Regrettably, price controls for drugs is not a new idea. Foreign countries around the world have imposed price controls at the cost of denying citizens access to either new drugs or entire classes of drugs. In the United States, the federal government has a system of price controls on drugs available to patients in the Veterans Affairs (VA) medical system. Although some folks might like us to believe that system can be easily transferred to Ohio, it is not that simple.

Beyond the negative impact of price controls that are known to economists around the world, there are other reasons this proposal is bad policy for Ohioans and nearly impossible to implement.

VA Patients Have Access to Fewer Drugs

The consequence of VA price controls is that its patients have less access to drugs compared to Medicare beneficiaries. This is particularly true for access to generic drugs. Almost 100 percent of Part D drugs have a generic equivalent while only half of VA drugs have a generic equivalent. If Ohio adopts price controls, many Ohioans will pay more because they will lose access to their cheaper generics and will be forced to buy the more expensive "name brand" drugs instead.

Ohio Doesn't Oversee its Own Health Care System

The VA has its own network of hospitals and health care providers, and since it controls its own network, the VA knows which prices it negotiates throughout the system. In Ohio, we have many hospitals, health care systems, and health care providers. And people on a state-funded plan (anyone for whom the state helps pay for health care-from Medicaid recipients to state employees who receive health care through their employer, which is the state of Ohio) see the same doctors and go to the same hospitals as those who pay for their own plans and those whose plans are paid for by private employers.

To complicate this situation further, the VA does not make its entire list of negotiated prices readily available, so frequently Ohio would have no idea what price it should be paying for drugs. That means you could be delayed in getting life-saving medication due to bureaucratic slowness in Washington, D.C., because -- under the proposal -- the state is not allowed to pay more than the VA price.

Ohio Would Lose Savings it is Already Getting Through its Negotiations

When Ohio negotiates its drug prices, it often receives rebates from drug manufacturers. For example, Ohio pays a pharmacy \$1 for an antibiotic pill, but the manufacturer of the pill gives the state a large rebate so the real cost to the state is 80 cents a pill. Like a grocery store manufacturer's coupon, the rebate goes to the purchaser, the state of Ohio, and not the retail seller -- in this case the pharmacist or grocery store.

Under the current proposal, Ohio would pay pharmacists the VA price for the pill with no negotiation. If the pharmacist is no longer receiving \$1 a pill, but is receiving 75 or 80 cents a pill, then pharmacists may be losing money on some drugs. And if pharmacists lose money on a certain drug, they may have to stop selling it in order to keep their businesses open. All this for a dubious amount in "savings."

Many Ohioans Will Pay More for Necessary Medication

If you don't work for the state and are one of the many Ohioans who has insurance through a private employer, price controls could force you to pay more for the medications you need.

Ohioans on private plans belong to large purchasing groups through health insurers who bargain for cheaper prices through bulk drug sales. This makes drugs **more affordable** for all members of the buying group. If this proposal (Issue 2) is adopted, Ohioans, who receive health care through state plans, will no longer be allowed to bargain on any drug covered by the VA. That means the purchasing group will be smaller, and those remaining will have less bargaining power. That will result in higher prices for other members in the group.

While price controls seem alluring as an easy way to create savings, whenever they have been tried, they result in shortages, reduced access, and higher prices for some products. This proposed price control policy will be no different and savings to the state will come at the cost of availability of necessary drugs and higher costs to Ohioans.

Rea S. Hederman Jr. is executive vice president at The Buckeye Institute and is an expert in health care policy.

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Sent: Monday, October 30, 2017 2:29 PM

To: Rep07

Subject: Buckeye's Greg Lawson: Controlling Board Vote on Medicaid Spending

Highlights Need for Greater Reform

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FOR IMMEDIATE RELEASE October 30, 2017

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Buckeye's Greg Lawson: Controlling Board Vote on Medicaid Spending Highlights Need for Greater Reform

Columbus, OH -- The Buckeye Institute's Greg R. Lawson issued the following statement on today's vote by the Controlling Board to approve \$264 million in Medicaid spending.

"Today's Controlling Board vote to authorize the **Department of Medicaid** to spend an additional \$264 million in taxpayer dollars highlights the need for far greater reforms to a program long known as the 'Pac-Man' of the state budget.

"Before any further dollars are appropriated, the General Assembly should make certain that the Kasich Administration will seek waivers that add meaningful personal responsibility requirements for those in the expansion population, **including the Healthy Ohio waiver**, which would empower Medicaid recipients to obtain better care, put Ohio's Medicaid program on sounder financial footing, and ensure that needy Medicaid enrollees have to access to good medical care."

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Sent by info@buckeyeinstitute.org

From: State Policy Team

Sent: Monday, October 30, 2017 5:07 PM

To: State Policy Team

Subject: Obamacare Tax Repeal-Ohio Congressional Delegation

Attachments: ATR-OHLetter.pdf

Americans for Tax Reform and the Buckeye Institute will send the following enclosed coalition letter (attached and pasted below) to members of the Ohio congressional delegation <u>tomorrow</u>, urging them to repeal the 20 tax increases included in Obamacare.

If you would like to add your name to the list of signers before this letter goes out to members of Congress tomorrow afternoon, you can do so by responding to this email or emailing state@atr.org. By adding your name to this letter, you will help send a strong message in defense of Ohio taxpayers. The text of the letter reads as follows:





Dear Members of the Ohio congressional delegation:

On behalf of the undersigned organizations we write to urge you to prevent the Obamacare tax on health insurance from going into effect in 2018. Unless you and your colleagues act soon, this tax, along with the tax on medical devices, will go into effect January 1, 2018, leading to higher premiums and higher costs for middle class families, seniors, and small businesses. Ideally, both the health insurance tax and medical device tax should be repealed permanently, as should all one trillion dollars of Obamacare taxes.

Absent full repeal, it is critical that lawmakers should act to delay these two taxes so they do not hit taxpayers in 2018. While both are harmful to taxpayers, the health insurance tax is particularly devastating.

In Ohio alone, it is estimated that the Obamacare health insurance tax will cost between 3173 and 5920 jobs by 2023, causing a loss of \$1 billion in economic growth over a decade.

Nationwide, this tax will hit 11 million households that purchase through the individual insurance market and 23 million households covered through their jobs. Half of the tax is paid by those earning less than \$50,000 a year and it will increase premiums by \$5,000 per family over the next decade according to research by the American Action Forum.

Next year alone, the health insurance tax will total \$14.3 billion, while over the next decade, the tax is estimated to total \$145 billion in higher taxes.

Already, American families have been hit hard by Obamacare's tax increases. The law imposed multiple taxes that have increased the cost of

care for families and reduced choice including a tax on Americans facing high medical bills, multiple taxes on health savings accounts, a tax on prescription medicines, and a tax for failing to buy health insurance.

The last thing taxpayers need is even more taxes to go into effect. It is imperative that you and your colleagues work to prevent new Obamacare taxes from harming your constituents, including the tax on health insurance.

From: Act for America Cleveland Chapter Sent: Tuesday, October 31, 2017 8:12 AM

To: Rep07

Subject: 2 Important Meetings Coming Up in the Next 2 Weeks

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October 31, 2017

Dear Representative,

2 Important Meetings in Northeast Ohio within the Next 2 weeks.

There are 2 important meetings coming up in Northeast Ohio in the next 2 weeks. Please read all of the information carefully and register accordingly. These events are not ACT meetings, but our local chapter does support them.

= A

"Get Us Out of the UN"

Wednesday - November 8, 2017 7:30 p.m. Doors Open at 6:30 p.m. Holiday Inn - Cleveland South 6001 Rockside Road Independence, Ohio 44131

For More Information call: George Csatary @ 216-651-3567

Join *John McManus*, President Emeritus, John Birch Society, for a local presentation about the United Nations and how it is time for the U.S. to leave the organization and govern the country in the best interest of all Americans.

Mr. McManus has lectured about American exceptionalism. the founding fathers, and constitionually limited government for over 40 years.



America's founders advocated a foreign policy of commerce with all nations and entangling alliances with none. Yet for decades Congress has done the opposite, allowing the United nations to have a voice in the everyday lives of Americans.

What have we gotten in return? Further indebtedness, unconstitutional wars, and laws and regulations that run contrary to the American way of life.

Here's a flyer you can use to send to invite others: *Get the US out if the UN*

Liberator Conference

Saturday - November 11, 2017 9 AM--2 PM Doors Open at 8:30 a.m. Auburn Career Center, 8140 Auburn Rd. Painesville, Ohio

For More Information & To Register: *liberatorconference.eventbrite.com*

Make a difference in our communities!
Energize the conservative movement in Northeast Ohio!
Coordinated conservative initiatives for 2018!
Develop conservative networks from Lorain to Ashtabula; from Cuyahoga to Summit and everywhere in between!

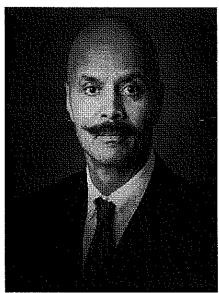
Keynote speaker: Peter Kirsanow

Mr. Peter Kirsanow: Host of the Kirsanow Report, heard five times daily in Northeast Ohio.

He has also been a frequent guest on the nationally-syndicated shows such as The Laura Ingraham Show, The Hugh Hewitt Show and the Larry Elder Show, as well as the Bob Frantz Authority.

He appears regularly on the Tucker Carlson Show.

He has testified before Congress and has written for a number of publications.



Breakout Sessions:

Tell Your Story; Description - Communicate your personal experience with conservatism in a way all people can understand. (Americans for Prosperity Foundation OH)

= A

Unlocking Ohio's Tax Riddles; Description - This session helps you unravel Ohio's often complex and opague local and state taxes. (Ohioans for Tax Reform)

The Dark Side of Regionalism - NOACA - A Case Study; Description - Go on a journey to decipher how regionalism interferes with local control. (Skip Claypool, Geauga County Commissioner and Regionalism Expert)

Red Fox 4 - How to Make the Biggest Impact; Description - Find out how to use this methodology to identify actions with the best chances to drive the change we want. (Foundation for Applied Conservative Leadership)

Meeting People Where They Are; Description - Learn techniques to help us to help others achieve their goals and grow our movement. (Americans for Prosperity Foundation OH)

Knowledge is Power: Looking for Data on Local Government Spending (The Buckeye Institute)

Speakers

Tom Zawistowski, We the People Convention Kirsten Hill, Ohio Liberty Coalition Matt Lynch, Former State Representativeand others Donation (Collected at the Door):

\$15 which includes coffee, water, donuts and lunch!

Any questions contact: liberatorconference@gmail.com

Networking Social:

Please join us after the event at a local establishment for a chance to network and make new friends!

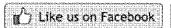
For More Information & To Register:

liberatorconference.eventbrite.com

Here's a flyer that you can use to send to invite others:

Northeast Ohio Liberator Conference

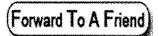
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Sent by actcleveland@gmail.com

Sent: Wednesday, November 1, 2017 10:03 AM

To: Rep07

Subject: The Buckeye Institute: Competition is Critical When Replacing Aging

Water & Sewer Lines

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= A FOR IMMEDIATE RELEASE November 1, 2017

The Buckeye Institute: Competition is Critical When Replacing Aging Water & Sewer Lines

Columbus, OH -- Following on The Buckeye Institute's policy brief, *Competition Saves Taxpayer Money on Water and Sewer Line Repair*, Buckeye's Greg R. Lawson submitted testimony (see full testimony below) to the Ohio House State and Local Government Committee on the policies in House Bill 121.

In his testimony, Lawson highlighted the issue of water and sewer infrastructure as one that is important "not only for taxpayers' pocketbooks but also for their health and wellbeing."

Lawson went on to note that there are a number of considerations engineers and local officials must take into account when determining the best materials to use for water and sewer pipes saying, "Many factors, such as soil conditions and load, influence the engineering specifications for such a project. Design engineers are qualified experts who must closely study the particular conditions of the project and take these factors into account. They are therefore in the best position to determine what material or materials are suitable."

Of critical importance is to ensure that taxpayers get the best value and the best product for their infrastructure projects with Lawson stating, "Governments should embrace competitive bidding...[and] refrain from imposing regulations that negate the market incentives for industries to lower costs and provide better products."

###

Interested Party Testimony Submitted to the Ohio House State and Local Government Committee on House Bill 121

Greg R. Lawson, Research Fellow The Buckeye Institute for Public Policy Solutions November 1, 2017

Chair Anielski, Vice Chair Hambley, Ranking Member Holmes, and members of the committee, thank you for the opportunity to testify today. My name is Greg Lawson and I am the research fellow at **The Buckeye Institute**, a think tank that advocates free-market policies for Ohio.

The policy under consideration addresses the funding and regulation of public water and wastewater projects. This is an important issue not only for taxpayers' pocketbooks but also for their health and wellbeing, and one we looked at in our recent policy brief, *Competition Saves Taxpayer Money on Water and Sewer Line Repair*.

Many factors, such as soil conditions and load, influence the engineering specifications for such a project. Design engineers are qualified experts who must closely study the particular conditions of the project and take these factors into account. They are therefore in the best position to determine what material or materials are suitable.

If more than one material is suitable, economics will likely become a factor. The best value may not always be the cheapest bid. The lowest-cost material that meets the specification may indeed be the best value, or the highest-cost material may be the best value over the

long-run, taking into account factors such as the durability of the material and financing terms.

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To ensure that taxpayers get the best value, governments should embrace competitive bidding. Free competitive markets raise quality and lower prices. Governments should refrain from imposing regulations that negate the market incentives for industries to lower costs and provide better products.

Businesses should make their best proposal for the work required, and governments should select the bid that provides the best value for taxpayers. Taxpayers can and should make local officials justify their decisions and hold them accountable.

Indeed, Ohio recognizes the value of competitive bids and state law requires government contracts be open to competitive bidding in most situations.[1] As the Ohio Supreme Court has explained, competitive bids on government projects "protect the taxpayer, prevent excessive costs and corrupt practices, and provide open and honest competition in bidding for public contracts."[2]

Engineers may worry that absent a restrictive ordinance, the county may be required to choose the lowest bid. But that is not the case. Ohio law instructs that contracts be awarded to the "lowest and *best* bidder."[3] Thus, if, in the engineer's professional opinion, the lowest bid is not also the best bid, the engineer may legally select the better product or service even at the higher price.[4]

As communities look to repair and replace expensive infrastructure, local leaders should embrace competition and accountability and respect the know-how of the trained professionals tasked with fixing the problems.

Thank you for your consideration. Appended to my testimony is a **reprint of an op-ed** that Buckeye recently published in a local Ohio newspaper which you may also find useful and informative.

^[1] Ohio Rev. Code Ann. § 307.86.

^[2] Cementech v. City of Fairlawn, 109 Ohio St. 3d 475, at 477.

^[3] Ohio Rev. Code Ann. § 735.05 (Emphasis added).

^[4] Danis Clarkco Landfill Co. v. Clark County Solid Waste Management Dist., 73 Ohio St. 3d 590, at 603.

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Making Ohio Work for the Little Guy

By Greg R. Lawson November 7, 2017

Many local government officials in Ohio are among those from the 238 different cities waiting with baited breath to find out if their bid to secure the new Amazon headquarters has a shot. Indeed, Cincinnati may offer nearly \$1 billion in tax breaks while Cleveland, though skittish about disclosing it's offering, no doubt will pony up big breaks too, as will Columbus. However, something amid all this hype (and hyperventilation) is being lost, which is, most new jobs come from small business (those employing fewer than 50 people).

That's right, most real job growth in Ohio's economy is not going to come from a blockbuster deal with high-tech behemoths like Amazon or **Facebook**. Rather, it will come from new start-ups and small business. Several years ago, the **Kaufmann Foundation** concluded that between 1977 and 2005 existing U.S. firms sustained a

net *loss* of jobs per year, while first year start-up businesses added an average of three million jobs annually. Most new businesses, of course, start small, which means that attracting new *small* businesses is vital to Ohio's economic future.

Interestingly, as outlined in a **new survey** from Thumbtack.com, small business owners don't want big targeted tax breaks. Rather, they want simplified regulations, better training programs, and easier to navigate government websites and bureaucracy. The survey found that business owners reported they spent more than 8.5 hours a year just trying to comply with government regulations and file all the needed paperwork.

While there were several positive comments in the Thumbtack survey that reflect some of the efforts government has made to be more business friendly, there can be no doubt there is room for improvement. Comments from those **surveyed in Ohio** highlight some of the frustration. For example, a life coach in Columbus said it was easier to start a business in Washington state than Ohio. An animal trainer in Granville summed it up very well:

"Ohio, on one level is a business-friendly state, but for very small businesses such as mine, it can be very difficult navigating the labyrinth of taxes, registrations, and all the regulations and compliance issues."

Herein lies the problem. Ohio does well for medium and big businesses, but more must be done for the little guy.

The Buckeye Institute has pointed out several areas for improvement:

Fixing Ohio's absurdly complex

municipal income tax;

- Making state taxation simpler;
- Reforming local government to become more efficient; and
- Reform Ohio's burdensome occupational licensing system.

Naturally, this is just a start. But these are the policies that will keep Ohio moving forward and will have a more beneficial impact than lavishing incentives on the trendy companies. Furthermore, at a time when many Ohioans feel left out of the new economy, showing them that Ohio's leaders really are looking out for them is much more than just a political gesture, it is the key to showing them they are just as important as the head honchos of Silicon Valley.

Greg R. Lawson is the research fellow at The Buckeye Institute.

###

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The Future of Medicaid Depends on Meaningful Reform

By Greg R. Lawson November 15, 2017

On October 30, the Controlling Board authorized **spending another** \$264 million of your taxpayer dollars so that the state could draw down more than \$630 million of your taxpayer dollars from the federal government to pay for Medicaid. As I **stated** after the vote:

"Before any further dollars are appropriated, the General Assembly should make certain that the Kasich Administration will seek waivers that add meaningful personal responsibility requirements for those in the expansion population, including the Healthy Ohio waiver, which would empower Medicaid recipients to obtain better care, put Ohio's Medicaid program on sounder financial footing, and ensure that needy Medicaid enrollees have to access to good medical care."

Medicaid spending was exploding well before the misguided expansion in 2013. Despite the happy talk of Medicaid coming in "under budget," the influx of more than 700,000 able-bodied adults, according to the latest enrollment numbers, has nearly stressed the program to its breaking point. In August 2017, the total spending for Medicaid totaled \$2.4 billion.

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That's is \$354.9 million, or 17.4 percent, more than spending for the same month in the previous fiscal year!

Fortunately, the Kasich Administration has said they are crafting waivers that will stabilize and improve Medicaid by including minimal work requirements and minimal cost sharing for the able-bodied adults in the expansion population (this excludes the elderly and the disabled). This is a positive development and one that will ensure Medicaid is stable and able to serve future generations of Ohioans.

To achieve this goal and ensure Medicaid stability, it is imperative that the General Assembly holds the administration accountable not only in merely drafting the waivers, but in ensuring that they accomplish meaningful reform.

The good news is, the director of the Centers for Medicare and Medicaid Services (CMS), Seema Verma, has stated the administration will approve work requirements for Medicaid. However, we must be careful, work requirements with a laundry list of exemptions will not stabilize Medicaid and ensure it is around in the future, nor will premiums that are too low. We must find the proper balance that enables low-income Ohioans in the expansion population to afford Medicaid while stabilizing the program.

Ultimately, for any of these waivers to be effective in stabilizing Medicaid there must be teeth in the requirements, otherwise they are little more than political window dressing. One such provision should be a requirement that abled-body adults in the expansion population must pay the minimal premium and meet the minimal work requirement to access the program. These requirements would not only help stabilize Medicaid, but would help people rebuild their lives through personal responsibility.

These ideas aren't new, and they have been proven successful in many states for children in the **Children's Health Insurance Program**, better known as CHIP. Given the success of requirements in CHIP, it would be wise for Ohio to implement the same model for those abled-body adults in the Medicaid expansion population.

There are other requirements Ohio should look at. For example, people who arrive at the emergency room without any coverage should be treated under charity care laws. This provision would encourage people to obtain and maintain health coverage when they are healthy. This policy has been approved by the CMS in a waiver requested by Iowa and will help reduce gaps in coverage while avoiding people only applying for Medicaid when they are sick. These provisions would create a more stable system and would enable people to more smoothly transition to private health insurance.

Ohio leaders have a chance to ensure the stability of Medicaid for future generations while providing care for those in need. This is an opportunity that should not be missed. If the administration is unwilling to move forward on these commonsense reforms, then the General Assembly should move forward with overriding vetoes including the Medicaid Freeze and Healthy Ohio.

Failure implement these commonsense reforms will only hasten the day of fiscal reckoning for Ohio.

Greg R. Lawson is the research fellow at The Buckeye Institute.

###

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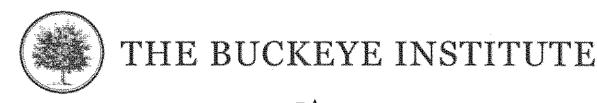
Subject: Buckeye's Rea Hederman: Something to be Thankful for in Ohio's Jobs

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Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE
November 17, 2017

(614) 224-3255 or Lisa@BuckeyeInstitute.org

Buckeye's Rea Hederman: Something to be Thankful for in Ohio's Jobs Numbers

Columbus, OH - Rea S. Hederman Jr., executive vice president at The Buckeye Institute, commented on newly released unemployment data from the Ohio Department of Job and Family Services.

"In time for the holidays, the Ohio labor market is looking up. The household survey showed a solid month for the labor market with the unemployment rate falling from 5.3 percent to 5.1 as more Ohioans found work. Further positive news is that Ohio now matches the U.S. average in labor force participation at 62.7 percent, after trailing the national average for much of the past year.

"The business survey was also positive, although not as strong, as only 1,000 private sector jobs were added to the Ohio economy. This is in part due to a fall in construction job opportunities (-1,100), a result of unseasonably wet weather in October. Local government hiring was up, and while positive for those who were hired, places additional strain on taxpayers.

"All in all, the Ohio economy is slowly looking up from dismal numbers this summer, and will hopefully continue to improve."

###

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License to Work 2.0: Past Time to End the Permission Slip Policy on Jobs

By Greg R. Lawson November 20, 2017

In all too many cases occupational licensing is little more than a mandatory permission slip that is imposed by a "Big Brother" like government and does little to ensure real public safety. Many of these burdens make it difficult for lower-income Ohioans to move up the ladder of economic success by getting a job and getting it quickly.

Earlier this month the Institute for Justice (IJ) released their second edition of the groundbreaking *License to Work* report. Building off their previous work, IJ outlined once again just how the explosive growth of occupational licensing has continued from coast to coast, including here in the Buckeye State.

Echoing concerns raised by their first edition of *License to Work* and by The Buckeye Institute in our own *Forbidden to Succeed* report, this version of **the IJ report** shows that while Ohio continues to license fewer low- to moderate-income jobs than many other states, those it does license creak under greater burdens than well over half of the other states.

Consider that Ohio is the only state to license social- and human-service assistants while placing a particularly high burden on prospective auctioneers. Further, according to the IJ methodology, Ohio barbers lose 420 days to education and cosmetologists 350 days. By contrast, emergency medical technicians lose only 35 days.

This means it takes less time for someone who literally could have your life in their hands to meet the government requirements for work than it does for a person to whom you are merely entrusting your hair. This sort of ridiculousness is why we have spoken out so often on the need to lower the burdens on cosmetologists.

But we aren't the only ones who recognize that these onerous requirements are making it harder for people to get jobs and start working. The Heritage Foundation, the Brookings Institute, and to both the Obama White House and the Trump Administration have called for reducing these sorts of burdensome licensing requirements.

Ohioans should not have to get approval from the government in order to get a job and Ohio should adopt the least restrictive type of regulation that ensures public health and safety. And given the vast amount of information available to consumers on sites like Angie's List, Yelp, and the Better Business Bureau, it is past time for the government to get out of the business of giving professionals a seal of approval to work.

As burdensome as these regulations are on Ohioans, the burdens increase significantly on the families of military personnel who regularly move from state to-state and are forced to reapply for licenses each time. The good news is, on this front there has been progress. Ohio policymakers joined Buckeye's fight to recognize out-of-state licenses for military spouses, which we raised in 2016 in our policy brief, *Increasing Job Opportunities for Military Families*.

Despite this success, much work remains to be done for Ohioans and it is well past time for Ohio to get serious about reducing the burden of occupational licensing. It is time for Big Brother to get out of the way so people can get the jobs they are trained for and start building a better future for themselves and their families.

Greg R. Lawson is the research fellow at The Buckeye Institute.

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By Daniel J. Dew

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Ohio's prison population has fallen below 50,000 for the first time since 2013, and Buckeye's Daniel J. Dew looks at some of the policy decisions behind this milestone along with some funny videos to remind us what else was happening in 2013...hint we beat The Team Up North.

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Gotta Get Back in Time: Ohio's Prison Population Falls to 2013 Levels

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By Daniel J. Dew November 21, 2017

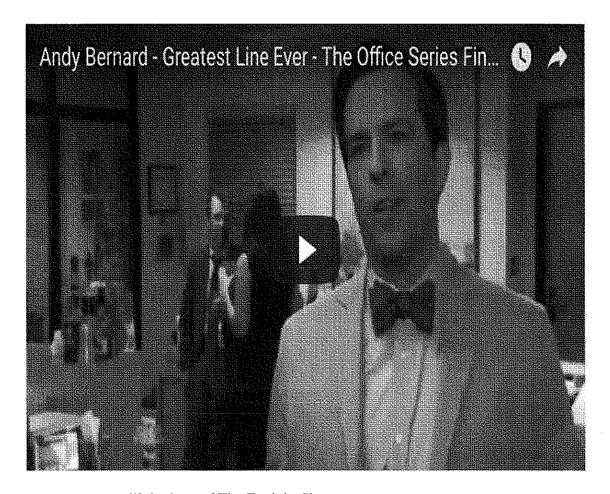


The Ohio Department of Corrections and Rehabilitations just released information that Ohio's prison population has fallen below 50,000 down to 49,860.

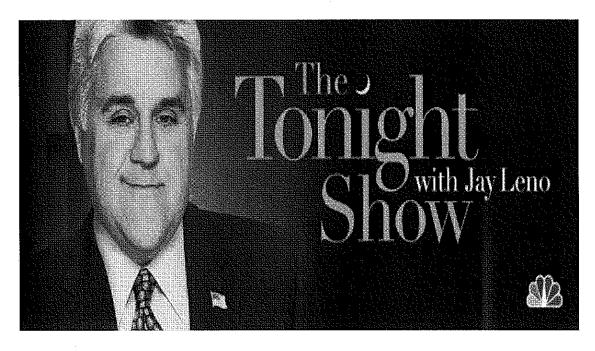
That's good news and hasn't happened since 2013, when...

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The Office was wrapping up its final season.



Jay Leno was still the host of The Tonight Show.



Everyone was making Harlem Shake videos.



And **Urban Meyer** was coming off his first season at **The Ohio State** where he led the Buckeyes to an **undefeated season**.



Ok, so March 2013 wasn't a super long time ago, but Ohio has not only stopped the increase in its prison population, but is now heading in the right direction.

Ohio policymakers have made a concerted effort to safely reduce the prison population and those efforts are being rewarded. Policies such as **2011's Justice Reinvestment Act** and this year's **Targeted Community Alternatives to Prison** (T-CAP) which rehabilitate low-level offenders outside of prison have proven to be effective.

Ohio's prison system costs taxpayers \$1.8 billion every year. By reexamining criminal justice issues, policymakers are ensuring that those dollars are spent wisely. Good policy ensures that dangerous criminals are off the streets, while those who have made mistakes and can be safely rehabilitated in the community are placed on the path to become responsible citizens.

Ohio is building on its past victories by continuing on the path to a safer, more efficient, criminal justice system through the **Criminal Justice Recodification Committee**, probation and post-release control reform, and the upcoming work of the **Justice Reinvestment 2.0 Ad Hoc Committee**.

Daniel J. Dew is a legal fellow at The Buckeye Institute's Legal Center and an expert in criminal justice reform.

###

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

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Voting Rights

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In between the numerous "Giving Tuesday" emails you have likely received today, we hope you will take a minute to read Robert Alt's compelling piece in Forbes.

In the article, Robert argues that we need to change our laws in order to empower public-sector workers with the voting rights they deserve.

Who among us believes it is fair that these workers are being denied the right to vote and the ability to have a voice or a choice on which union represents them? Not your Buckeye Institute. We stand solidly in favor of **Worker Voting Rights** and believe workers deserve a voice and a choice in their representation.

=A

Buckeye President & CEO Robert Alt has been featured on more than 70 radio shows across the country in the past few months talking about Buckeye's Worker Voting Rights project, which is quickly gaining momentum, earning media attention, and catalyzing action.

As Robert describes in the Forbes piece in more detail (see below for the full article or click through to Forbes directly), the time has come and the time is right now for Worker

Hornes

It's Time For Public Sector Workers To Be Given A Voice And Choice

Forbes By Robert Alt November 27, 2017

Voting Rights.

Early next year, the Supreme Court will hear Janus v. American Federation of State, County, and Municipal Employees, Council 31. Mark Janus is a child support specialist at the Illinois Department of Healthcare and Family Service who objects to paying union fees, which are currently a condition of his employment. He argues that the compulsory fees force him to speak through his union in ways that violate his First Amendment rights.

If Mr. Janus prevails, he and other public-sector employees will be able to choose whether or not to pay union dues or fees without threat of being fired, which would be a tremendous victory for workers. However, even if Mr. Janus wins in court, public sector union members will still have no say regarding which union represents their bargaining unit.

Every morning, hardworking men and women in every state drink their coffee and diligently go to work on our behalf -- in our neighborhoods as public school teachers, home care workers, engineers, and in agencies protecting the environment. Unfortunately, while these civic-minded professionals go to work for us, the labor unions that they must join in order to teach our children or serve our communities do not always work for them.

Once a public-sector union is certified, it remains the workers' representative -potentially forever. In Ohio, for example, the Columbus Education Association has
represented Columbus public school teachers since 1968 -- back when the Beatles were
still together and before many of today's teachers were even born.

Heirloom unions inherited from the Nixon-era are depriving today's public workers and civil servants of any meaningful voice or choice in their workplace. Ninety-four percent of union workers have **never had the chance to vote for or against their unions** -- and still won't even if Janus succeeds in his case.

When a public-sector union fails to address employee complaints or misspends union dues, there is no ballot to cast for change. Instead, public employees remain stuck with the hand-me-down unions that workers who wore bell-bottoms chose for them.

There is a solution.

With worker voting rights, public employees would have regular elections to encourage their unions to be more responsive to their members' interests. Worker voting rights gives union workers an opportunity to be heard, to voice their concerns to their union leaders, to better understand how their union dues are spent, and to choose for themselves whether to keep the union they have, vote their union out, or vote in a better union. Worker voting rights would incentivize union leaders to cultivate broader support among the workforce they represent and to be accountable to their rank-and-file members. Not surprisingly, 82% of unionized Americans favor holding periodic votes on their union representation.

Once-and-for-all unions that rarely -- if ever -- face re-election have no worry of being fired by their members for poor performance or disregarding members' concerns. In states that require workers to pay "fair share" fees as a condition of employment, union leadership failure has next to no consequences, because whether the union negotiates better working conditions for its members or not, whether it spends union dues wisely or not, whether it meets the needs of its members or not, there is almost nothing public employees can do to replace or remove the poorly performing union. Even if these public employees are dissatisfied with their representation, they have to continue paying their union dues or fair share fees, or else their employment can be legally terminated.

Public-sector unions and their insulated union officials know and count on this questionable practice of denying their members voting rights, allowing unions that are not taking care of their members to remain firmly entrenched regardless of their

members' satisfaction. But state lawmakers can guarantee worker voting rights for public employees by providing for regular elections by law.

Unions have played a significant role in America's workforce for well over a century. But the interests of the unions themselves should never trump the interests of the hardworking men and women these unions represent. Our civil servants and public-sector employees deserve to have their voices heard and their choices matter -- they deserve worker voting rights.

Robert Alt is President & CEO of The Buckeye Institute in Columbus, Ohio.

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p.s. The Buckeye Institute is receiving gifts today as part of "Giving Tuesday" and invite you to consider supporting our work, which is transforming public policy at the state level. Check out our appeal from last year for explanation of this online phenomenon and background on how it started, then submit a generous donation to your favorite policy organization as you are able.



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Rordes

It's Time For Public Sector Workers To Be Given A Voice And Choice

Forbes By Robert Alt November 27, 2017

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When a public-sector union fails to address employee complaints or misspends union dues, there is no ballot to cast for change. Instead, public employees remain stuck with the hand-me-down unions that workers who wore bell-bottoms chose for them.

There is a solution.

With worker voting rights, public employees would have regular elections to encourage their unions to be more responsive to their members' interests. Worker voting rights gives union workers an opportunity to be heard, to voice their concerns to their union leaders, to better understand how their union dues are spent, and to choose for themselves whether to keep the union they have, vote their union out, or vote in a better union. Worker voting rights would incentivize union leaders to cultivate broader support among the workforce they represent and to be accountable to their rank-and-file members. Not surprisingly, 82% of unionized Americans favor holding periodic votes on their union representation.

Once-and-for-all unions that rarely -- if ever -- face re-election have no worry of being fired by their members for poor performance or disregarding members' concerns. In states that require workers to pay "fair share" fees as a condition of employment, union leadership failure has next to no consequences, because whether the union negotiates better working conditions for its members or not, whether it spends union dues wisely or not, whether it meets the needs of its members or not, there is almost nothing public employees can do to replace or remove the poorly performing union. Even if these public employees are dissatisfied with their representation, they have to continue paying their union dues or fair share fees, or else their employment can be legally terminated.

Public-sector unions and their insulated union officials know and count on this questionable practice of denying their members voting rights, allowing unions that are not taking care of their members to remain firmly entrenched regardless of their

members' satisfaction. But state lawmakers can guarantee worker voting rights for public employees by providing for regular elections by law.

Unions have played a significant role in America's workforce for well over a century. But the interests of the unions themselves should never trump the interests of the hardworking men and women these unions represent. Our civil servants and public-sector employees deserve to have their voices heard and their choices matter -- they deserve worker voting rights.

Robert Alt is President & CEO of The Buckeye Institute in Columbus, Ohio.

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p.s. The Buckeye Institute is receiving gifts today as part of "Giving Tuesday" and invite you to consider supporting our work, which is transforming public policy at the state level. Check out our appeal from last year for explanation of this online phenomenon and background on how it started, then submit a generous donation to your favorite policy organization as you are able.



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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Thursday, December 7, 2017 5:44 PM

To: Rep07

Subject: Proposed Changes to Ohio's Cash Bail Policy are First Step to Fixing

Broken System

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Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE December 7, 2017

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Proposed Changes to Ohio's Cash Bail Policy are First Step to Fixing Broken System

Columbus, OH -- The Buckeye Institute issued the following statement upon the introduction of House Bill 439, sponsored by State Representative Jonathan Dever (R-28), which would move Ohio away from an arbitrary cash bail system and give judges more flexibility and more information to detain dangerous defendants before trial.

"Under Ohio's current bail system, pretrial release is determined by the amount of money a person has access to rather than the actual threat the person poses to the community. And the policies proposed today are the first step in reforming a broken system," said **Daniel J. Dew**, a legal fellow with The Buckeye Institute's **Legal Center**. "Ohio's cash bail system

leads to the absurd results where a drunken jaywalker spends time in jail while a child rapist is released on bond only to murder the child set to testify against him."

In a forthcoming Buckeye Institute report, "Money Bail": Making Ohio a More Dangerous Place to Live, scheduled to be released next week, Dew looks at Ohio's failing cash bail system and the need to replace it with verified risk-assessment tools that provide a fairer, more efficient way to keep Ohio's communities safe and secure.

"In our report, we show that reliance on cash bail hurts the poor at the expense of taxpayers and gives dangerous defendants the opportunity to buy their way out of jail," Dew said. "Giving judges more information to make pretrial release decisions and giving them more tools to detain dangerous defendants will make Ohio communities safer."

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Monday, December 11, 2017 1:20 PM

To: Rep07

Subject: New Buckeye Report Finds Ohio's "Money Bail" System is Dangerous to

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FOR IMMEDIATE RELEASE

December 11, 2017

(614) 224-3255 or Lisa@BuckeyeInstitute.org

New Buckeye Report Finds Ohio's "Money Bail" System is Dangerous to Communities

Columbus, OH -- Today, The Buckeye Institute released its latest policy report, "Money Bail": Making Ohio a More Dangerous Place to Live, which looks at the need for Ohio to replace its failing cash bail system with proven risk-assessment tools that provide a fairer, more efficient way to keep Ohio's communities safe and secure.

"The traditional money bail scheme is in dire need of reform, it is an inefficient, expensive, unfair means of protecting communities that has proven no guarantee to stopping repeat offenders," said **Daniel J. Dew**, a legal fellow with The Buckeye Institute's **Legal Center** and author of the report. "Under our current system, accused murderers, child rapists, and armed robbers are arrested and released into our communities because they have access to

money, while citizens accused of jaywalking, violating dress-codes, or failing to pay traffic tickets sit in jail for days, weeks, or even months because they have little or no access to cash. We can and must to better."

Recommendations and Alternative Tools

In *Money Bail*, Dew recommends the use of evidence-based, risk-assessment tools to assess the risk an individual poses, such as their criminal history, the offense, and prior missed court dates. These tools give judges greater flexibility and resources to hold defendants accountable pending trial, and to deny release when there is clear evidence that the accused poses significant risks to the community. Dew also suggests a number of alternatives to cash bail, such as electronic monitoring, mandatory counseling, and routine check-ins that allow judges to hold defendants accountable.

Proven Success of Risk-Assessment Tools

The risk-assessment tools Dew recommends have proven successful in communities where they have been used. Lucas County has seen more defendants released before trial, more defendants appearing for trial, and less crime committed by those awaiting trial. Defendants arrested while on pretrial release dropped from 20 percent to 10 percent, and skipped court dates dropped by 12 percent, even as the number of people released without money bail doubled.

Where the Current System Failed

Dew also looks at 11 cases in Ohio where the current money bail system failed, including that of **Dragan Sekulic** of Stark County, who, after attempting to kill his ex-wife with his car, was released on \$100,000 bond. While he awaited trail, he shot and killed Zeljka.

On the other end of the spectrum is the case of **Markeus Brown** who spent nine days in jail after being arrested for trespassing when his clothes violated the Greater Dayton Regional Transit Authority's dress code. After his arrest, Brown's bail was set at \$150, which his family could not afford. As a result, Brown sat in jail until his mother secured a car title loan nine days later.

"The Buckeye Institute's expose on money bail is a disturbing indictment of a justice system that often jails poor people for petty crimes, and allows those accused of sexual and violent crimes to buy their way to freedom," said Holly Harris of the Justice Action Network. "Fortunately, we now have legislation in HB 439 that would empower judges to make pre-trial release decisions based on the threat an accused person poses to society, and not on how much cash that person can pony up to the court. Given the disturbing case studies on money bail unearthed by Buckeye, some of which led to heartbreaking deaths, it is difficult to imagine any legislator on either side of the aisle voting against this bill."

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The Buckeye Institute, 88 East Broad Street, Suite 1120, Columbus, OH 43215

Sent: Tuesday, December 12, 2017 3:00 PM

To: Rep07

Subject: The Buckeye Institute: Competition in Ohio's Electricity Market Will Save

Ohioans Money and Improve Economy

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December 12, 2017

(614) 224-3255 or Lisa@BuckeyeInstitute.org

The Buckeye Institute: Competition in Ohio's Electricity Market Will Save Ohioans Money and Improve Economy

Greg Lawson Offers Testimony to Ohio House Public Utilities Committee

Columbus, OH -- The Buckeye Institute's Greg R. Lawson submitted <u>written testimony</u> (see full text below) today to the Ohio House Public Utilities Committee on the need to increase competition in Ohio's electricity market and the important reform policies found in House Bill 247.

Lawson opened his testimony outlining the challenge Ohio faces, "Ohio's hybrid restructuring model is unworkable and policymakers must either go back to a fully

integrated, regulated structure or complete the electricity market reforms that the General Assembly initiated in 1999."

In making this case, Lawson illustrated the need for further reform to increase competition and lower prices if Ohio is going to continue to experience economic growth.

"Manufacturing is the single largest sector in the state in terms of gross domestic product and manufacturers typically count electricity as one of their largest expenditures." Lawson went on, "Technology companies are increasingly counting Ohio as a candidate for new sites, and a more competitive electricity market should help to attract and retain these investments."

Lawson noted that reforms proposed in House Bill 247 would:

- Allow many Ohio households and businesses to save money on their electric bill and put it towards other uses;
- Permit the Public Utilities Commission of Ohio or the courts to issue refunds to customers for electric company charges that are deemed improper; and
- Would increase competition by ending non-transparent price schemes that can
 facilitate anti-competitive and unfair cross-subsidization between utilities and
 power plants they own through affiliated companies.

These types of reforms, Lawson says, "Would make Ohio a better place to do business and make it easier for low-income individuals to pay their electric bills."

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Interested Party Testimony Submitted to the Ohio House Public Utilities Committee on House Bill 247

Greg R. Lawson, Research Fellow
The Buckeye Institute for Public Policy Solutions
December 12, 2017

Chairman Cupp, Vice Chairman Carfagna, Ranking Member Ashford, and members of the Committee, thank you for the opportunity to speak about the important electricity market reform policies found in House Bill 247. My name is Greg R. Lawson and I am the research fellow at **The Buckeye Institute**, a free-market think tank here in Columbus.

There is a serious problem at hand in our electric market that requires good policy to fix: Wholesale electricity prices have fallen dramatically since 2009, but the retail price that customers actually pay has only continued to increase.[1] This problem is holding back the Ohio economy.

Historically, it is now clear that Ohio's hybrid restructuring model is unworkable and policymakers must either go back to a fully integrated, regulated structure or complete the electricity market reforms that the General Assembly initiated in 1999.

Manufacturing is the single largest sector in the state in terms of gross domestic product,[2] and manufacturers typically count electricity as one of their largest expenditures. Making the electricity market more price competitive will help this important sector to compete on the global market and continue to employ Ohioans.

Low-cost electricity is also a key factor for data centers and other infrastructure of the information sector. Technology companies are increasingly counting Ohio as a candidate for new

sites, and a more competitive electricity market should help to attract and retain these investments. Critically, the issue of cross-subsidization must be addressed. Electric utilities must not be able to obtain anticompetitive subsidies for affiliate generation. Allowing this to happen undermines the market.

Policies within HB 247 would appear to improve Ohio's present state of competitiveness.

First, it would eliminate electric security plans (ESP). Historically, Ohio's electric utilities have used these plans to inflate rates above the market price. Eliminating these plans would require electric utilities to only charge customers the market price for generation, not an ESP inflated price. This reform would therefore allow many Ohio households and businesses to save money on their electric bill and put it towards other uses.

Second, it would permit the **Public Utilities Commission of Ohio** or the courts to issue refunds to customers for charges that are deemed improper. This provision would force the ratemaking procedure to be more transparent and fairer on the front side by ensuring that customers can be fully made whole.

Third, it would restrict monopoly utilities from owning power plants, even through an affiliate company. While eliminating ESPs alone may be able to limit potential cross-subsidization from these relationships, a requirement that electric utilities fully divest their generation assets would guarantee that utility affiliated generation cannot gain an unfair competitive advantage. Further, in light of the millions of dollars of transition revenues that

utilities have already collected over the years, such separation is less draconian today than it was in the early days of restructuring.

In all likelihood, requiring owners of generation to be fully independent of any regulated utility would increase the competitiveness of the sector and lead to a more favorable outcome for Ohioans over the long run.[3]

In conclusion, Ohio is in desperate need of greater competitiveness, transparency, and fairness in its electricity market. Reforms such as, or similar to, those in HB 247 would make Ohio a better place to do business and make it easier for low-income individuals to pay their electric bills.

Thank you for the opportunity to testify today.

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^[1] Russ Keller, "Fiscal Note & Local Impact Statement: H.B. 247 of the 132nd General Assembly, As Introduced," Ohio Legislative Service Commission, November 28, 2017.

^[2] Ohio Illustrated: A Visual Guide to Taxes & the Economy, The Buckeye Institute and Tax Foundation, June 7, 2017.

^[3] Joe Nichols and Devin Hartman, *Don't Short Circuit the Ohio Electricity Market*, The Buckeye Institute and RStreet Institute, October 16, 2017.

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